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MAY 1 2 2006

DIV. OF OIL, GAS & MINING

Susan M. White – Mining Program Coordinator Utah Division of Oil, Gas, and Mining 1594 West North Temple, Suite 1210 Salt Lake City, Utah 84114-5801

May 9, 2006

QUARRIES INC

Dear Ms. White,

Please find accompanying, a letter and other documents addressed to Mr. Glen Carpenter, Field Manager, Salt Lake Field Office – BLM. For your review. We also wish to make you aware of our legal arrangement with Bown Stone Products. We have in fact entered into a lease agreement with them as the documentation will indicate. We would appreciate the Division's cooperation in the processing of the Mine Plan which has been submitted to UDOGM by Jerome Bown of Bown Stone Products for review. This Plan should be considered as seriously as any Plan submitted by anyone. Should you have any question regarding these enclosures please contact William Bown at 801.295.0601 or e-mail bbill22@qwest.net. Thank you for your consideration in this matter.

Sincerely,

William L Bown - for claimants

Mr. Glen Carpenter – Field Manager United States Dept. of the Interior Bureau of Land Management Salt Lake Field Office 2370 South 2300 West Salt Lake City, Utah 84119

May 9, 2006

Dear Mr. Carpenter,

Last year I attempted to communicate with your office by letter (copy accompanying) through one of your assistants, Mr. David Murphy. I am not certain as to whether or not I was successful as I received no response though I had requested one, nor did I send the letter certified which would have verified receipt. Hence, this latest attempt. It is vital that you as Manager of the Salt Lake Field Office, and the responsible party receive and review this communication personally.

In the winter of 2005 my fellow claimants and I entered into a lease agreement (copy accompanying) with a quarry company doing business as Bown Stone Products (BSP). The area of this lease is within the "Golden Eagle #5" Placer Mining Claim, UMC 353624 in the Kimbell Creek area of northwestern Utah. In May of '05 I contacted BSP to inquire as to their progress with the permitting process. In response, they faxed to me a letter (copy accompanying) from your office dated Apr.11, 2005 and signed by Mr. Murphy.

The contents of the letter were alarming to say the least. I can only conclude that those in your office who handle the permitting process are either not aware of certain legal rulings and precedents involving the general and specific subject claimed mineral material deposit, or simply choose to ignore them for whatever reason. The deposit in the area of our lease with BSP was the subject of a validity examination by BLM way back in the mid '70's. We disagreed with the results of their examination, and in 1976 BLM started contest proceedings. The establishment of the claimed portion at issue as locatable under the mining law took place two years later in 1978.

I spoke with BSP on Tuesday, April 11, 2006. They report no progress in the permitting process. I can only conclude that perhaps, my letter of last April 21 notwithstanding, the position of your office has not changed. This would be very regrettable. Someone at BLM in a position of trusted authority should take a stand to stop what amounts to extortion as it relates to this curiously coveted and beleaguered claimed deposit.

A review of the findings of fact and conclusions of law in U.S. vs. Bown, April 28, 1978 (copy accompanying) as rendered by Administrative Law Judge John R. Rampton identifies certain points which seem to be constant throughout. One of the most important points brought out is the fact that although the Raft River or Dove Creek Formation could be defined as immense in shear size (roughly 350 sq. miles) the occurrence of points within it which are amenable to mining is slight at best. On page 10, paragraphs 2 and 3, the size of the formation is discussed, and it is considered that this size alone would make an argument for commonality of stone type, however, in paragraph 4, Judge Rampton points out that the occurrence of areas amenable to mining within the formation is extremely limited. When one considers the square miles included in the "formation", and the subsequent acreage in those square miles, the areas amenable to mining within are yet to this day quite insignificant. The acreage tally involved in actual qualified and approved quarries with measurable surface disturbance and annual production is smaller yet. This fact is very significant. The areas amenable to stone removal within the formation remain extremely limited to this day by any standard.

Another important point that is concluded by the Judge is the fact that the quartz schist (not common quartzite as it is referred to in the Murphy letter), both in outcrop form and talus form within the formation, specifically those portions under claim by contestees is unusual and unique with qualities that give both occurrences of material, special value, thus rendering them both locatable under the mining law. At times he seems to separate them, listing the individual virtues each possesses, and which ultimately awarded each a locatable status. But he does not differentiate in terms of validity. He does not hail the talus alone as locatable while assailing the outcrop portions as common. He sites Dr. Lehi Hintze, the eminently qualified geologist from Brigham Young University who witnessed for Contestees, Dr. Hintze described expertly what it is exactly that sets this Quartz Schist apart from more ordinary quartzite and other common stones. Dr. Hintze starts out by stating among other things that the rocks of the Raft River are a unique set of rocks.... Dr. Hintze does not separate the talus from the outcrop when extolling the qualities of the stone from the formation. In paragraph 2 of page 5, Dr. Hintze is asked if he would characterize the Raft River and Grouse Creek quartzite as a common rock, he answered "no, it is an uncommon rock."

The call by the Salt Lake Field Office of BLM for additional validity examinations upon the subject deposit and claims is erroneous. On page 9, paragraph 2, the Judge clearly states that the "outcroppings" of quartz schist in the Dove Creek Formation are the material for which the claims at issue were located (area talus originated from the outcrops). His findings of fact and conclusions of law are directed, particularly from this point on, to that fact. He later concludes and rules that the rock within this formation is in fact locatable. He does not differentiate between that portion of the deposit that is in talus form and that which is in outcrop form. This is clearly stated on page 9, paragraph 4 where he states "unquestionably, the Dove Creek quartzite meets the test for uncommon variety of minerals as set forth in the Chartrand and McClarty decisions..." He then allows that this finding may be contingent on whether or not the subject stone is a "limited occurrence", then goes on to conclude that as and when the very limited areas amenable to removing this stone profitably are considered against the seeming immensity

of the formation itself, it must be concluded that the minable occurrence is indeed limited.

These conclusions give validity to both the talus and the outcrop quartz schist found within the formation, provided it is amenable to mining and other removal. It is the claimants' good fortune that much of the deposit claimed happens to be in talus form, but that fact does not negate the validity of the outcrop portions within said claims.

The Judge does drive home the point that the talus portions are particularly unique and valuable for many reasons. Among these are <u>variety of color</u>, shape (ready to install), the large "rivers" of stone are themselves a qualifying characteristic, weathered appearance, partial presence of lichens, <u>thin</u>, <u>natural cleavages</u>, <u>strength</u>, <u>durability</u>, and the <u>quantity of deposit</u>. These characteristics are shared by the outcrop portions. No one of these characteristics was singled out, either to give validity in and of itself, or to withhold it. It is all of these qualities that qualify this stone and this deposit, all of these qualities together.

The Salt Lake Field Office of the BLM is operating outside of the law by insisting that an additional validity examination be conducted upon any portion of this particular deposit of stone as located, or in offering to sale stone from any claimed part or portion of this deposit by permit under the auspices of the Act prior to considering any Mine Plan as submitted by a potential operator be they the claimants themselves or a lessee. This deposit has been ruled locatable by an Administrative Law Judge! We believe that it is unconscionable, reckless, and a colossal waste of the time and money of everyone involved for the Salt Lake Field Office to act contrary to these findings. This ruling came down on April 28, 1978. It was precedent setting, it is on the books, and is solid. Such a ruling gives this claimed deposit the same status that similar deposits located prior to the Act of July 23, 1955 presently enjoy. No matter what may have transpired subsequent to the date of this finding, including any changes, revisions, etc. to rules or regulations regarding validity examinations cannot here apply. The validity has already been substantially established! It has become part of the law! There is no legal justification for additional or repeat validity examination upon the deposit at issue.

The Salt Lake Field Office of BLM cannot usurp this law, or these findings, no matter how particular agents or officers employed there may personally interpret the law or what they may conclude about the subject claims, claimants, or deposit. It is not up to them to decide. Their attempts to discredit this deposit, and the subject claimed portions thereon are reminiscent of an attempt at "double jeopardy". The time for appeal is long over, about 28 yrs. to be precise. They should conduct themselves honorably, and finally, once and for all, recognize and accept these findings for what they are, and rather than the constant harassment, knit-picking, loop hole searching, extorting, and other asinine attempts to discredit the valid claimed resource and further delay the permit process, simply do their real jobs and regulate the mine operations upon the subject valid deposit according to the law. The fact that the claimants desire to lease a portion of the subject deposit to others, and may stand to benefit financially there from, should not be any part

of the issue. While we are not disputing the relevance of validity examinations, we must with vigor point out that the claimed deposit at issue has already endured the process.

By further delaying the review and processing of legally valid Plans of Operation as submitted by the claimant or any qualified operator of any portion of the valid deposit, by insisting on additional validity studies or examinations, as in this case, the Salt Lake Field Office of BLM causes punitive harm to both the claimant and the lessee/operator, including, but not limited to; loss of revenue to both parties, loss of opportunity to both parties, the clouding of claim title to claimant(s), etc. Remember, recent changes to the regulations at 43 CFR 3809 with regard to validity examinations can not apply in this case. The subject deposit was ruled as valid and locatable in 1978! The Administrative Law Judge found the whole of the claimed resource (see page 12, paragraph 2) at issue to be locatable. Not 5 acres here and 5 acres there, or one stone here and one stone there, but the entire deposit. All of it! Again, there can be no legal requirement for additional validity examination!

A review of the incident "Notices of Location" will reveal that the claimants located valuable deposit of building stone which occurred on each of the claims. They did not claim individual rocks here and there. The claimants know what they were intent upon locating, and that was simply, all of the building stone deposited upon the claims regardless of present disposition or deposition. The claimants had always planned at some point in the future to develop certain of the outcrop portions. A review of the Grouse Creek Mountain LMO Plan will demonstrate this fact. As claimants of the deposit at issue we must insist that the Salt Lake Field Office of the BLM comply immediately with the findings of fact and conclusions of law as ruled by Administrative Law Judge Rampton in U.S. vs. Bown. The claimants have entered into a lease agreement with Bown Stone Products (BSP), of Manti, Utah. BSP has submitted a Plan of Operations for review with the Salt Lake Field Office and with UDOGM with reference to the leased portion. Claimants here demand that the review process for this Plan commence immediately without further groundless and superficial delay.

At this point, we feel we have no other choice, than to hereby formally request your response to these insistences and demands within thirty (30) days of your receipt of this letter. If we do not hear from you in that time frame, we will be compelled to take legal action seeking relief, both from prejudice individuals employed by BLM, and USDI - BLM generally for the punitive damages we have suffered and are suffering as a result of the position taken, and the handling of this issue by the Salt Lake Field Office of BLM, it's employees and administrators. These damages will include reasonable attorneys' fees, etc. Please respond.

Respectfully,

William L Bown – for claimants

cc: Susan M. White, UDOGM

Gene Terland, State Office, BLM

Daron Haddock, UDOGM

Jerome Bown, Bown Stone Products, Inc.

Mr. David H. Murphy – Assistant Field Manager USDI-BLM Salt Lake Field Office 2370 South 2300 West Salt Lake City, Utah 84119

April 21,2005

RE: U-77820

Dear Mr. Murphy,

I am in possession of a letter dated April 11, 2005 from you to Mr. Jerome L. Bown of Manti, Utah. The letter is your response to a Notice of Intent filed with your office by Mr. Bown on Mar. 21, 2005 and assigned as case file # U-77820. The Notice addresses Mr. Bown's intent to open a quarry for the removal of "Quartzite" stone.

The letter goes on to inform Mr. Bown that the activities he is proposing appear to lie within Federal Land whereupon there is a current Placer Mining Claim. As representative of the claimants of the Golden Eagle #5 UMC 353624 Placer Claim, please be advised that we have entered into a lease agreement with Mr. Bown for the purposes outlined in the Notice that he has submitted. We are aware of, and in support of his actions.

Imagine then, our alarm as your letter of response begins to assail the validity of the subject mineral deposit. Perhaps Mr. Bown was not descriptive enough for those reviewing his Notice in referring to the material simply as "Quartzite", but did he not also submit a rather definitive photograph of the exact and obvious outcrop section of "Thin Cleavage Quartz Schist" to be developed, together with a very detailed and accurate site map which pinpointed the on ground location of the Notice activity? We are quite certain that he did. The accompanying photo itself demonstrated the material as "Oakley type Quartzite" from the "Dove Creek Formation" which has previously been determined to be a locatable material under the mining law. The photo clearly demonstrates the indicative relative thin, well developed cleavage seams present only in this form of material, and not found in common quartzite. I have enclosed another copy of the same image for your instant review. Look at the deposit pictured. Come on now, a validity report? What for? Is your office the only one around not up to speed on the locatability of this particular material? Do you have any geologists in your office? If not you could bring one over from the State office, or better yet maybe a knowledgeable, yet unprejudiced geologist functioning somewhere in the private sector. If he or she is not blind they will require all of about two seconds to confirm that the outcrop pictured is in fact the "Oakley" type quartzite, more accurately defined as Dove Creek Formation Quartz Schist. Mr. Bown was informed that such an undertaking would likely require 60 days! I'm sorry to tell you this, but that doesn't speak very well to the ability of the people you have there performing these validity reports. Either they are unbelievably inept, or they have some sort of an agenda. Your field man, Mr. Michael Ford is extremely well acquainted with the subject deposit, and the material that it consists of. In

fact, it may interest you to know that at one point, a couple of years ago, in his ongoing quest to render the talus portions of the area claims Public Sales Areas, Mr. Ford offered this claimant a trade of sorts; claimant's talus slides for the ledges or outcrops from which to extract the thin cleavage material at issue. Now, in this response to Mr. Bown's Notice, which we suspect was actually penned by Ford, all of a sudden, the validity of the subject material is in some sort of question. Where is the consistency? Where is the credibility?

In U.S. vs. Bown (copy accompanying), Mr. Robert Dalness, a geologist for the BLM prepared a schematic of the Dove Creek Formation ("Oakley" type Quartzite). The formation is in the shape of an upside down "T" running north and south. Beginning south of Oakley, Idaho then running south for forty miles plus into Utah with the southwestern portion of the "T" clearly covering the subject deposit. It was also determined in this case that although the formation itself is immense, areas amenable to material extraction within it are extremely limited. We are quite certain that you and your office are well aware that the material Mr. Bown proposes to extract in his Notice is in fact the "Oakley" type quartzite from within the Dove Creek Formation, and is therefore, locatable. We are mystified by the call for a validity report.

Please note that all of the claim locations in the area cover all of the quartz schist, or "quartzite" within the sub-divided boundaries of the respective claims in whatever it's present disposition, whether talus or outcrop. The "Findings of Fact and Conclusions of the Law" in U.S. vs. Bown do not exclude the outcrops, in fact they are referred to many times in the narrative, but merely establish the talus portions of those claims as also valid. The validity of the thin cleavage portions was not at the time of the ruling, nor is it presently in doubt by anyone it seems, but your office.

This deposit has been through the courts, the Dove Creek Formation has been through the courts. The subject quartz schist has already been found to be a locatable variety. In this instance, a validity report would accomplish nothing but a colossal waste of the operator's time and taxpayer money, and would represent an egregious lapse in fiscal responsibility. Surely your office is quite aware of the uses for the material proposed. I don't think that he will propose to use it to sink small sailing vessels. Most reasonably, he likely intends to market it much as the other locatable Quartz Schist from The Formation. The language of your response to Mr. Bown's Notice seems to be nothing more than the usual attempt by BLM to twist current mining regulation definitions and requirements into a bullying instrument to further delay, disrupt, and ultimately retard a prudent man's ability to enter upon the public land for the purpose of responsibly utilizing it for his own good. A right he is guaranteed by law.

Your offer to sell material from the subject claim to Mr. Bown pending completion of a validity study and subsequent report is completely erroneous, and prejudicial, and not real legal. We are informed that Mr. Ford actually promised Mr. Bown that your office could in effect "fast track" his ability to quarry/produce the desired material if he would be willing to "purchase" the stone from BLM. Claimants submitted a Plan of Operation to your office 8 years ago, which consisted almost exclusively of loose talus removal with

virtually no surface disturbance, we have endured all kinds of ridiculous hoop jumping, bullying, erroneous extra requirements and dubious definitions, and still, 8 years (count them) later we aren't certain as to whether or not we have final BLM approval, yet you can fast track Mr. Bown, when the affect to the surface would be significantly more involved? This is good to know. Perhaps now, we can expect subsequent Plans to be approved in short order.

We must, in the strongest of terms, warn you against any action designed to sell Mr. Bown or anyone else material from our valid claims. Such action legally constitutes purposeful clouding of the title to our claim. Further, your counsel to him to locate over our valid claim is unbelievably misleading and reprehensible. According to Mine Law any claim located over an active, valid claim is null and void the moment it is located. We find it difficult to believe that you have someone in your office willing to mess with the law to this degree. We must insist that your offer to sell Mr. Bown material from the subject claim and deposit pending a validity report be officially retracted by certified notification forthwith, and that such retraction be forwarded to this office for review within 30 days of your receipt of this letter.

Sincerely,

William L Bown – for claimants of UMC-353624

Cc: Daron R. Haddock, UDOGM

Honorable Senator Orrin Hatch Honorable Congressman Rob Bishop Jerome L. Bown, Bown Fine Quality Stone, Inc.

MINERAL LEASE AGREEMENT

Effective as of the day of	, 2006, this Lease Agreement is
entered between Bown Stone Products, In	nc. (Lessee, BSP) and Bonneville Quarries, Inc.
(Lessor, BQI). The parties hereby agree	as follows:

- 1. **PREMISES**. BQI does hereby lease to BSP that certain portion of the Golden Eagle # 5 Placer Mining Claim described as follows; N ½ N ½ SE ¼ Section 3 Township 12 North Range 17 West SLB &M. Containing 40 acres.
- 2. **TERM.** The initial term of this lease shall be 5 years from the date of the signing of this instrument. Thereafter, BSP shall have first right of renewal.
- 3. <u>SALES/ ROYALTIES.</u> BSP will produce and market building stone from area of said lease and pay BQI a royalty of \$10.00 per ton by the 30th of the month following the sale of said building stone ton.
- 4. **REGULATORY COMPLIANCE.** BSP will sign a partial LMO Plan Transfer Document with UDOGM/USDI-BLM and initiated by BQI thereby accepting total responsibility for both existing and subsequent disturbance and related reclamation work within that portion of the Grouse Creek Mountain LMO Plan described at Part 1 of this lease agreement, and any other areas within the Project Area disturbed pursuant to any Notice or Plan initiated by BSP, including the posting of all required reclamation bonds and other associated fees. In the event of a default of this agreement by BSP, BSP will immediately relinquish its' portion of the Partial Plan Transfer back to BQI.
- 5. MAINTENANCE FEE. BSP to insure payment of annual maintenance fee (BLM) for Golden Eagle #5 Placer to William L Bown on or before July 15, of a given year. Fee amount is presently \$125.00 per claim per year. This amount will likely be increased by BLM during the life of this agreement.
- 6. **AUDITS.** BSP to supply BQI a monthly summary of pallet scale weight records, current inventory records, and sales records pertaining to any and all material produced or taken from the premises of this agreement by the 10th of the month following.
- 7. **PRODUCTION PERFORMANCE.** There will be no minimum production requirement in the initial year of operation/production. By year two production should be 2,000 tons plus, and thereafter 4,000 tons plus, per operating year.

- 8. LESSEE MARKET AND RESOURCE PROTECTION. BQI, it's principles and assigns, hereby guarantees that it will initiate no other like leases to any other lessee, nor commence any additional such operations or activities (defined as building stone quarry development through excavation and out-crop removal) via Plan Revision, Amendment or otherwise, upon any Federal Mining Claims, or leases that it or any of it's principles holds in the Grouse Creek Mountain LMO Plan Area as long as BSP is actively operating on subject lease and producing the minimum amount of stone as mentioned at item #7 of this agreement. Following final regulatory approval of any Plan or Notice submitted by BSP with reference to the subject lease, an absence of quarry activity or stone production for a period of 12 consecutive months by BSP upon the subject lease area will constitute inactivity and will void this guarantee.
- 9. **INSURANCE.** BQI shall be named as an additional named insured on all forms of policies of liability held by BSP prior to commencement of operations upon the subject lease.
- 10. **ASSIGNMENT OF LEASE.** There will be no assigning or subletting the premises of this lease to any other party by BSP.
- 11. **INDEMNIFICATION.** BSP hereby releases, indemnifies, and holds harmless BQI from any and all claims, expenses, or liability of any nature, including reasonable attorneys fees and costs and litigation-related expenses arising out of injury or damage, however occurring on or about the subject premises from any cause which at any time may be suffered by BSP or by its' invitees, employees, or agents.
- 12. **DEFAULTS OF LEASE-REMEDIES.** The occurrence of any one of the following events shall constitute a breach of this agreement by BSP rendering said agreement null and void.
 - 12.1 Failure to pay royalties: The failure by BSP to make any payment of royalties, or any other payment or fee required to be made by BSP hereunder, as and when due, where such failure shall continue for a period of thirty (30) days after written notice thereof by BQI.
 - 12.2 <u>Failure to perform</u>: The failure by BSP to observe or perform any of the covenants, terms, conditions, or provisions of this lease agreement to be observed or performed by BSP, where such failure shall continue for a period of thirty (30) days after written notice thereof by BQI.
 - 12.3 <u>Resource inadequacies:</u> In the event that the target material found upon and in the premises of this agreement is found lacking in the desired characteristics after exhaustive and critical retrieval, BSP will be free to exit this agreement immediately.

- 13. <u>NOTICES--- ADRESSES.</u> All notices herein provided for shall be in writing, placed in the United States mail, certified postage prepaid, addressed to the party entitled to the same at the address below. The first business day after the date of mailing shall be the date notice is deemed given.
- 14. <u>ATTORNEYS FEES AND COSTS.</u> In the event a dispute arises under this agreement, then and in such event, the prevailing party shall be entitled to costs and reasonable attorney's fees incurred to resolve such dispute.
- 15. **ARBITRATION AND LAW.** This agreement shall be governed by the laws of the State of Utah and any other County and/or Federal laws that may apply.
- 16. **BINDING ON SUCCESSORS.** The covenants and agreements of this Lease shall be binding upon all successors and assigns of the parties to this Lease Agreement.

ARRIES, INC.
DUCTS, INC.

(STATE OF Utah			
COUNTY OF) ss.)		
that he signed this histithiel	it on oath stated that he	no appeared before me, and said person are was authorized to execute the instrumed of Bonneville Quarries, Inc. to s mentioned in the instrument.	ant and
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(STATE OF Utah			
COUNTY OF) ss.)		
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Mr. David H. Murphy – Assistant Field Manager USDI-BLM
Salt Lake Field Office
2370 South 2300 West
Salt Lake City, Utah 84119

April 21,2005

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Sincerely,

William L Bown - for claimants of UMC-353624

Cc: Daron R. Haddock, UDOGM

Silvan L Bown)

Honorable Senator Orrin Hatch Honorable Congressman Rob Bishop Jerome L. Bown, Bown Fine Quality Stone, Inc.



United States Department of the Interior

OFFICE OF HEARINGS AND APPEALS

Hearings Division
6432 Federal Building
Salt Lake City, Utah 84133 =
(Phone: 801-514-5344)

RAY, QUINNEY

MAY 1 1978

April 28, 1978

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& NECEKER

UNITED STATES OF AMERICA,

Contestant

7.7

JAY BOWN and PRESTON BOWN,

Contestees

UNITED STATES OF AMERICA,

Contestant

v.

JAY BOWN, PRESTON BOWN, OLIVE BOWN and BRUCE BOWN,

Contestees

UTAH 10737

Involving the Dislirock No. I mining claim located in

Section 5, T. 12 N., R. 17 W., SLM, Box Elder County,

Utah

UTAH 10740

Involving the White Ridge

No. 1, White Ridge No. 2, Windy Ridge No. 1, Rusty

Rock, and Slide Canyon No. 1 mining claims located in

Sections 1, 2, 3, 10 and 11, T. 12 N., R. 17 W., and

Section 35, T. 13 N. R. 17

W., SLM, Box Elder County,

Utah

DECISION

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Appearances: Reid W. Nielson, Esq. Regional Solicitor, U.S.

Department of the Interior, Salt Lake City,

Utah, for Contestant;

Robert P. Hill, Esq., Ray, Quinney & Nebeker,

Salt Lake City, Utah, for Contestees.

Before: Administrative Law Judge Rampton.

These contests were instituted by the filing of separate complaints seeking cancellation of the six claims listed, which were located by the contestees and others between 1962 and 1964. The complaints alleged both that the material found within the limits of the claims is not a valuable mineral deposit under Section 3 of the Act of July 23, 1955, and that valuable minerals have not been found within the limits of the claims so as to constitute valid discoveries within the meaning of the mining laws. The contestees filed answers denying the allegations.

At the hearing, and in the posthearing briefs filed, the contestant did not allege that material from the claims had not been removed or sold or that there was not a market for the material. It restricted its evidence and arguments to the issue of whether the minerals claimed by the contestees constitute a "common variety" under the Common Varieties Act (30 U.S.C. § 611).

Summary of Testimony

In support of its allegation, the contestant relied exclusively on the testimony of two Government employees, William M. Dalness, a geologist, and Arthur F. Michalicek, a mining engineer. Dalness, who has a bachelor's and a master's degree in geology, was assigned to make an investigation of the claims involved in these contests. He first visited the claims on July 5, 1973, with Preston Bown and others. He spent several months investigating the geology, studying the local market for stone in general, and visiting the general area of the claims where the stone was collected or quarried. He testified that the claims are located on a quartzite rock which makes up the Grouse Creek and the Raft River Mountains in northwestern Utah, near Grouse Creek, Utah, and approximately 30 miles south of Oakley, Idaho. In the course of his investigation, he visited and talked to people dealing with stones. He was on the claims at least four times and examined perhaps a dozen nearby operations where the rock is either quarried or gathered from the surface. Among these were the Northern Stone Supply Company of Oakley; the Star Stone Company quarries near Lynn, Utah; the Raft River Narrows area; the Park Valley quarry; and the Curtis-Nelson operation near Lynn, Utah.

He described the material found on the claims as a quartzite rock in the form of talus slopes or rivers of rock where rock is loose and can be picked up on the surface. In his investigation, he compared the material from the claims with the material

being sold by other operators and people who have purchased rock wholesale and sold it retail in the general Salt Lake, Odgen, and Orem, Utah, and Oakley, Idaho, areas. In his investigation, he found several operations which, in his opinion, were quarrying hard, weathered, lichen-covered quartzite, identical to that found on the claims.

Mr. Dalness stated that Preston Bown informed him the contestees had removed 500 to 700 tons per year from the general area of the claims; that Bown did not know how much came from each claim or how much came from the land leased by Bown from the State of Utah; and that only float rock has been removed. From his observation, he said the rock was removed by a hand-picking process and only one in ten is selected. In his opinion, the rock selected from the claims by the contestees is comparable to the rock gathered south of and sold out of Oakley, Idaho, and also to the general type of float rock found in Utah.

He found five major float rocks being sold in the market area. The float rock identified as Rocky Mountain quartzite was priced at \$40 to \$60 per ton f.o.b. Oakley; the quartzite from Baker, Nevada, wholesaled from \$60 to \$80; the Desert Stone from Roosevelt, Utah, a hard sandstone, sold for \$35 to \$80 f.o.b. Salt Lake City, Utah; the Lynn quartzite sold wholesale for \$60 to \$100; and the Grouse Creek Rock \$50 to \$80 f.o.b. Salt Lake City. His conclusion was that all the prices were relatively within a given range, none were significantly higher than any of the others, and the rock from the claims or Grouse Creek rock was in the price range that compares with the other float rock included in his survey.

He found that a premium was paid for thinner rock, as thin rock gives a greater coverage per ton. A quartzite from the property of Curtis Nelson, which, in his opinion, for all practical purposes, is the same rock found on the claims in issue, was sold by American Stone for \$72.50 a ton f.o.b. Salt Lake City. The Desert Stone, or float sandstone, sold from \$35 to \$80 per ton f.o.b. Jay Bown's yard in Orem, Utah. He visited the Curtis Nelson yard and observed pallets of rock being prepared for sale to Preston Bown at \$60 per ton f.o.b. Lynn, Utah.

In his investigation, he attempted to determine if the rock from the claims had a uniqueness that made it usable for some other purpose that other rocks could not be used for and found no uniqueness as reflected in its wholesale price. He therefore concluded that the rock on the claims was a common variety of stone. (Tr. 54-55).

Arthur F. Michalicek, a graduate from Oregon State University in 1933 with a B.S. in mining engineering, has been employed

by the Bureau of Land Management for 19 years. Since his employment with the Bureau, he has investigated several hundred mining claims throughout the state of Utah. Mr. Michalicek went with Mr. Dalness on the investigation of the claims and the market for the material. In his opinion, the stone found on the claims was not in any way unique, had no superior qualifications to any other stone found in the market area, and was therefore a common variety of stone. (Tr. 81). Further, he testified the stone from the claims did not seem to have a greater demand than any of the other stones on the market.

The contestees called three witnesses, the first being Dr. Lehi F. Hintze, a professor of geology at Brigham Young University, who obtained his B.A. from the University of Utah in 1941, his M.A. in 1949 and Ph.D. in 1955 from Columbia University. Dr. Hintze taught geology at Oregon State University for six years and has been employed in the geology department of Brigham Young University since 1955.

Dr. Hintze prepared a geologic map of Utah and is well acquainted with the stones found in the Raft River/Grouse creek Mountain area.

Asked to describe the characteristics of the Raft River quartzite, he answered:

The rocks in the Raft River Range are a unique set of rocks in that they exhibit this ability to split down to thin sizes. I don't like to call them quartzite. think a better name for them is quartz schists, the schist emphasizing the splitability of the rock. Quartzite, per se, don't have this character. And the reason that they have this character is the combination of the quartz and the mica. And the mica lines up perpendicular to pressures that have been exerted on it so that they all line up together and, hence, because of their well developed cleavage, the rock cleaves in response to the microscopic or in some cases megascopic mica plates that are permeated parallel one to another throughout this quartz rock.

The quartzite or the quartz in the rock gives it its hardness and the mica gives it its splitability. (Tr. 95-96).

He testified that similar rock is found in a small area north of Baker, Nevada.

Asked whether, as a geologist, he would characterize the Raft River and Grouse Creek quartzite as a common rock, he answered: "No. Its an unusual rock; its an uncommon rock." (Tr. 98).

Dr. Hintze visited the claims in the company of Preston Bown and others on July 13, 1976, and identified contestees' Exhibit F, a photograph as showing a typical example of the material found on the claims in issue. He identified contestees' Exhibit E as typical of the rock on the claims which can be split into relatively thin pieces and with lichen on the surface. He stated that the rock can be split down to a quarter of an inch thick, but the practical lower limit of thickness of usable rock would be a quarter of an inch up to several inches in thickness. By comparison, sandstone will not split into as thin a piece as the rock found on the claims; and while slate has the same splitability characteristics, the slate is not as attractive for decorative purposes and does not serve the same purpose. (Tr. 104).

Keith P. MacKay, owner of State Stone Company in Salt Lake City, a stone mason, and a wholesale and retail dealer in stone, testified for the contestees. Mr. MacKay has purchased float rock from, and is familiar with, the deposits of building stone in both the Raft River area and the deposits at Baker, Nevada. He identified Exhibit N as a retail price list of stones which he had for sale on August 21, 1976, and identified various stones shown on the list, where they came from, and the retail prices. He had paid Mr. Bown \$80 to \$100 per ton for the thin-type stone depending on the color, the lichens, and the algae, and stated that the thickness of the stone largely determines the price.

He has been to several of the quarries and locations in the Grouse Creek area, but not to the claims in issue. Concerning the rock purchased from the contestees, he stated:

I would say it [the price] depends on whether I get it off Preston or Jay or Terrill. . . . And it varies anywhere from 50 dollars to 60 to 65 per ton. I pay Jay more than I do others because he brings in perfect rock ready to lay and so does Preston. (Tr. 140).

He testified he knows where much of rock brought to him comes from generally, and the white quartzite float could be either

Baker, Nevada, rock or Grouse Creek rock. He buys rock from the ranchers in the Grouse Creek area and the price he pays depends on how much they bring and what they consider to be a deal.

He identified item 11 on his sales list (Ex. N) as a thin Grouse Creek quartzite supplied by Jay, Preston, and Terrill Bown and Exhibit 11 to be about the same as that supplied to him by the Bowns. The price paid varies according to the season of the year. He will not pay as much in the fall if he cannot sell it until spring, and he pays Jay and Preston Bown \$10 to \$15 more per ton because of their skill in picking the rock.

He purchases the same type of rock from John Hechtle in the Oakley area, but the price is lower because the Hechtle rock is thicker.

Preston Bown, a contestee, testified he has been in the stone masonry or stone sales business for 20 years in the Salt Lake Valley. He has visited all of the quarries in northern Utah and southern Idaho and has purchased rock from Curtis Nelson, who has thin float on his land similar to the rock from his claims. He could, however, distinguish the Nelson rock from his by color. Max Cooper, who is in the stone business in Oakley, Idaho, has float rock similar to the Nelson rock on his property; also, there is rock similar to Nelson's and Cooper's found in the various locations in the Raft River Mountains.

He verified that his cousin, two brothers, and other Bowns remove rock from the claims for which he receives \$5 a ton royalty. He does not know how much they remove but that it is sold for a little under the price and that the difference in price depends on who is selecting it because of the skill in making the selections and picking the stones. (Tr. 224-26). The rocks he was purchasing from Curtis Nelson for \$60 a ton he wholesaled at \$100 a ton to Keith MacKay.

As to the limited market for rocks used for pictures or table tops, he admitted some usable rocks could be obtained from other areas. However, the other deposits have a very narrow range of colors.

Statement of the Law

The claims in question were located subsequent to the Act of July 23, 1955, 69 Stat. 368. Section 3 of the Act removes

certain minerals from disposition under the mining laws. The Act provides:

A deposit of common varieties of sand, stone, gravel, pumice, pumicite, or cinders shall not be deemed a valuable mineral deposit within the meaning of the mining laws of the United States so as to give an effective validity to any mining claim hereafter located under such mining laws: Provided, however, That nothing herein shall affect the validity of any mining location based upon discovery of some other mineral occurring in or in association with such a deposit. "Common varieties" as used in this Act does not include deposits of such materials which are valuable because the deposit has some property giving it distinct and special value and does not include so-called "block pumice" which occurs in nature in pieces having one dimension of two inches or more.

In <u>U. S. Minerals Development Corp.</u>, 75 I.D. 127 (1968), the Department set forth the criteria pertinent to determining whether or not material is a "common variety."

In short, the Department interprets the 1955 Act as requiring an uncommon variety of sand, stone, etc. to meet two criteria: (1) that the deposit have a unique property, and (2) that the unique property give the deposit a distinct and special value. Possession of a unique property alone is not sufficient. It must give the deposit a distinct and special value. The value may be for some use to which ordinary varieties of the mineral cannot be put, or it may for uses to which ordinary varieties of the mineral can be or are put; however, in the latter case, the deposit must have some distinct and special value for such use. . . .

The question is presented as to what is meant by special and distinct value. If a deposit of gravel is claimed to be an uncommon variety but it is used only for the same purpose as ordinary gravel, how is it to be determined whether the deposit in question has a distinct and special value? The only reasonably practical criterion would appear to be whether the material from the deposit commands a higher

price in the market place. If the gravel has a unique characteristic but is used only in making concrete and no one is willing to pay more for it than for ordinary gravel, it would be difficult to say that the material has a special and distinct value.

When the same classes of mineral used for the same purposes are being compared, about the only practical factor for determining whether one deposit of material has a special and distinct value because of some property is to ascertain the price at which it is sold in comparison with the price for which the material in other deposits without such property is sold.

The Department's position was accepted by the United States Supreme Court in <u>United States</u> v. <u>Coleman</u>, 390 U.S. 599 (1968), where

Thus we read 30 U.S.C § 611, passed in 1955, as removing from the coverage of the mining laws "common varieties" of building stone, but leaving 30 U.S.C. § 161, the 1892 Act, entirely effective as to building stone that has "some property giving it distinct and special value" (expressly excluded under § 611).

The courts and the Department of the Interior have recognized several properties which might give a deposit of building stone "distinct and special value," such as unusual coloration (United States v. Chartran, 80 I.D. 408 (1973), and natural fractures and shaping (McClarty v. Secretary of the Interior, 408 F.2d 907 (1969)).

The case law then is clear that for the special properties of a deposit of an otherwise uncommon variety to qualify the deposit for location under the common varieties act, the properties must meet one of two separate tests. The properties must either make the mineral useful for purposes for which ordinary deposits of the mineral cannot be used, or it must give the mineral additional value, measured by comparing the market price of the mineral to the market price of common varieties, over and above the value for ordinary use.

Findings of Fact and Conclusions of Law

It is undisputed that there is a continuing and expanding market for the material found on the claims in issue. The material can be and is presently being sold at a profit. The basic issue then for determination is limited to whether the mineral found upon the claims is an uncommon variety and still subject to location after July 23, 1955.

The outcroppings of the quartzite or quartz schist, the material for which the claims are located, are found within the Dove Creek formation. This formation is unique from other quartzite deposits in that it contains numerous, thin, parallel layers of mica. Because of these mica layers, the stone cleaves naturally into thin sheets ranging from one-quarter inch to two to three inches in thickness. The colors of the quartz schist range from white to brown and lichens are found on the surface rock. These qualities make the stone highly desirable as a stone facing or veneer for interior and exterior walls and for fireplaces. Because of its extreme thinness and strength, the stone can be easily applied to virtually any wall with little or no additional structural support, and stone fireplaces can even be installed in house trailers. Further, because of its thinness, the stone covers a larger area per unit of weight than any other building stone and shipping and handling costs are less.

Prior to the commercial development of the Dove Creek quartzite, the primary building stone in use in Utah was sandstone. Since that time, the Dove Creek quartzite not only commands a much higher price in the market place than sandstone or other common building stone, but it has virtually entirely supplanted sandstone in the Utah natural building stone market. The mining claims developed in the Raft River Mountains now support a substantial building stone industry in Utah and southern Idaho.

The evidence shows that the Dove Creek quartzite is unique because of its color and cleavage capability. Because of its uniqueness, it is sold for a much higher price on the market than ordinary building stone. Unquestionably, the Dove Creek quartzite meets the test for uncommon variety of minerals as set forth in the Chartrand and McClarty decisions, provided that its occurrence is limited.

The Government made no attempt to rebut the evidence as to the special attributes of the Raft River quartzite. Its position is that the quartzite found on the claims in issue is a common variety because of the availability of similar stone throughout the Raft River formation. The Government experts compared the

material from the contestees' claims with material from other operations in the same area and finding, in their opinion, no discernible difference, concluded that, as part of the Raft River formation, it was a common variety.

No evidence was offered on the extent of the area covered by the Raft River formation. The map (Government Ex. 1) depicts the formation as T-shaped, perhaps 5 miles wide, 30 to 40 miles long in an east-west direction, and an equal distance north-south. Roughly then, the Raft River formation might extend over 350-plus square miles.

If all of the quartz schist in this rather large area were amenable to mining, the Government's position that it is a common variety of rock might be valid. The sheer volume involved alone would dictate such a conclusion.

It is obvious, however, that only limited areas within the formation can be profitably mined. The quartz schist must occur in talus slopes in quantity and quality and also be accessible by road before a successful operation can be undertaken. These occurrences exist on the claims in issue and in other places within the formation which are presently being mined. But if there are any other similar occurrences of stone in the formation not being exploited, the Government offered no testimony about them. I must conclude therefore that, not only is the Raft River quartz schist an unusual and unique building stone as compared to ordinary stone used in the construction trade, but its minable occurrence is limited.

In addition, the evidence shows the stone found on the claims in issue have characteristics which enhance its value over the quartzite being produced from the other operations found in the Dove Creek formation.

The contestees' stone, unlike the various quarried stones from the other operations in the Raft River area, varies widely in color from almost pure white to varied shades of browns. Although Mr. Michalicek testified that there was an area on Curtis Nelson's claims similar to that of the Bown claims, Preston Bown testified that although Curtis Nelson's land did include some slides of fractured quartzite, 95% of Mr. Nelson's stone was gray in color and only about 5% was of the lighter shades comparable to the stone on the Bown claims. Inasmuch as the stone is used as a decorative veneer, the color variations add to its marketability and value.

The Bown claims also contain large "rivers of fractured float rock," which are weathered, mottled and partially covered with

multicolored lichens. The contestees' supply of lichen-covered float rock will last two or three years at the present rate of production, while the float rock on the Nelson claims will last only "a couple of months" at that rate. (Tr. 173, 179). The supply of float rock from the area near Baker, Nevada, has been virtually exhausted. (Tr. 125). Both the weathered effect and the presence of lichens greatly enhance the value of contestees' decorative stone.

Finally, because the stone on the Bown claims to a large extent occurs naturally in large slides of fractured "float" rock, contestees are able to select and sell suitable stone without any need for quarrying, sawing, shaping, or otherwise preparing the stone. Thus, not only does the Bown stone command a higher market price, it is also produced with a much lower overhead than other stones which require processing. As conceded by one of the Government witnesses, if the contestees change their simple manual method of operation to a more modern and efficient method, their profit margin would be even wider. (Tr. 63).

To obtain the most colorful and thinnest pieces is important and premium prices are paid for carefully selected rock. This, however, emphasizes the importance of having a wide variety of readily available, desirable rock. The Bown claims have more varieties of the premium rock than any other operation in the immediate area.

As of the date of the hearing, there were 18 varieties of building stones available on the State Stone lot in Murray, Utah. With four exceptions, the retail prices of these stones ranged from \$50 per ton to \$125 per ton. The four exceptions were sawed Montana travertine (\$200/ton), thin silver quartzite flagstone (\$180/ton), thin gold quartzite flagstone (\$200/ton and thin quartzite from the contestees' claims (\$200/ton). The high price of the sawed travertine reflects the cost of processing. Unsawed travertine was available on the lot for \$95 to \$110 per ton. Similarly, the prices of the thin flagstone which come from an outcropping of the same formation on which the contestees' claims are located reflect the fact that these stones must be quarried. Only the contestees' stone is sold in its natural state for the higher price without the necessity or additional expense of quarrying or other processing.

There are other uses for the stone from the Bown claims. Thin slabs of quartzite have been sold for \$10 per square foot for use as coffee tables and end tables. The stone has also been used as natural "pictures" to be hung on walls, at a price of \$5 per square foot wholesale. On the many deposits referred to in the Raft River Mountains by the Government witnesses,

only those deposits on the Curtis Nelson land have sufficient quantity of stone amenable to the manufacture of wall pictures to sustain an economic operation. Mr. Nelson, however, has none of the attractive multicolored stone found on the contestee's claims. (Tr. 236-37).

In summary, I conclude that the building stone found on the claims in issue is a unique and valuable mineral deposit of quartzite which, because of its thin natural cleavages, strength, durability, varied coloration and lichen-covered, weathered effect, in quantity, gives it a higher value and use for purposes beyond the uses of ordinary building stone. It is therefore an uncommon variety subject to location under the mining laws.

The claims are developed and stone from the claims is presently being sold at a profit. There has been a valid discovery on each claim and the contests are therefore dismissed.

John R. Rampton, Jr. Administrative Law Judge

APPEAL INFORMATION

The contestant, as the party adversely affected by this decision, has the right of appeal to the Interior Board of Land Appeals. The appeal must be in strict compliance with the regulations in Title 43 CFR, Part 4. (See enclosed information pertaining to appeals procedures.)

If an appeal is taken, the adverse party, the contestees, can be served by service upon Robert P. Hill, Esq., at the address listed on page 13.

Enclosure: Information Pertaining to Appeals Procedures.

See page 13 for distribution.